

Modification Report
Transco Proposal for Revision of Network Code Standards of Service
Modification Reference Number 0565
Version 2.0

This Modification Report is made pursuant to Rule 8.9 of the Modification Rules and follows the format required under Rule 8.9.3.

1. The Modification Proposal

This Proposal contains a complete standards of service package structured as follows:-

Absolute Limitation of Liabilities (Cap)

Transco proposes to link a % absolute Cap to its profits on ordinary activities and that, as is currently the case (and was recommended by RG0072), the Absolute Cap be sub-divided to avoid possible perverse incentives in certain areas.

Discussions in the Standards of Service Development Work Group have indicated that each of the proposed standards are of equal priority, in view of this, in sub dividing this cap, Transco proposes to set individual caps for each standard, the sum of which equates to 20 % greater than the absolute cap. This will ensure an incentive is retained across the entire regime. However, should liability payments reach the absolute cap in any one period, sub cap payments (and any components within each sub cap) will be pro rated such that the absolute cap is not breached.

Similarly, should any sub cap limit be breached in any one period, the component payments within the sub cap will be pro rated, where applicable, such that a sub-cap be applied to each of the customer types, “Domestic” and “Industrial & Commercial”. This would ensure that a major failure in one area would not preclude liabilities being paid to the other customer area. It is proposed that the existing consumption threshold of 73,200kWh should be used and for this reason (to be consistent with the Network Code) the terms ‘Smaller’ and ‘Larger’ Supply Points will be used.

Proportion for incentives related to Larger Supply Points 50% of respective sub cap
Proportion for incentives related to Smaller Supply Points 50% of respective sub cap

High Level Principles of Operation

Following discussion in the Standards of Service Development Work Group Transco also proposes the following principles of operation as part of the Standards of Service regime

Shadow Log

- Operation of any shadow arrangement must be cost effective and simple to operate for both Transco and Users.
- The shadow log should act to moderate User behaviour and inhibit the generation of liability payments from Transco through inappropriate action (or inaction).

- “Polluter pays”, i.e. the User(s) responsible for problems will be excluded from receipt of any payments in relation to the respective standard.
- Scope of shadow log arrangements should in the first instance be limited to those activities that impact on the standard of service process to which they relate.
- The Standards of Service Development Work Group should determine detail of the rules of operation for individual standards.
- Where there are interdependencies between standards payments will only be made against the standard incurring the higher liability, all payments in respect of dependant standards will be suspended for the same occurrence.

Query Management

- The query definition developed by the Standards of Service Development Work Group, subsequently ratified by the Standards of Service Sub Committee be utilised for GT queries and that the Standards of Service Development Work Group should continue to develop a definition for Metering queries that remain under the jurisdiction of Transco until Metering Separation.
- Query Management standards for Metering related queries are transitional and will be removed from the Network Code upon the implementation of Metering Separation.
- Data Quality – existing Previously Submitted Query (PSQ) Rules to apply as determined by the Standards of Service Development Work Group.
- Existing Standards of Service for the Management of Shipper Operational and Invoice Queries (Bosworth Agreement) to act as baseline for business rules.

Reporting

- All reporting will be output based.

Invoicing and Payment

- Existing Network Code rules under section V13.4 will apply

Table of proposed Standards and Incentives

Item	Sub-cap	Proposed Standard	Failure	Incentive Payment	Shadow Log
Existing Standards Retained					
Provision of DM Meter Reads	Larger Supply Point	97%	by 11.00 hrs D+1 Each Subsequent Day >D+7	£20 per Supply Point £20 £30	N/A
Production of CV data to shippers by 11.00 hrs and 16.00 hrs	N/A	All Failures	by 16.00 hrs D+1 Where Transco becomes aware of a change to published CV Data it will endeavour to advise the User within five business day	£50 per User, per event £100 per User per event	N/A
Invalid Offer (LDZ)	Larger Supply Point	All Failures	Existing Network Code Rules	£100 per confirmation	N/A
Nominations Referred	Larger Supply Point	97%	>12 days >17days	£30 £50 per nomination	✓ Access problem for site visits
Suppressed reconciliation DM (SRV's) (NB this standard excludes those suppressed items covered by USRV arrangements)	Smaller Supply Point	98%	>1m >2m (invoice month following resolution of suppression)	£40 £60	N/A
Suppressed reconciliation NDM (SRV's) (NB excludes those suppressed items covered by USRV arrangements)	Smaller Supply Point	98%	>1m >2m (invoice month following resolution of suppression)	£20 £30	✓ Must Reads
Adjustments to GRE Invoices	Larger Supply Point and Smaller Supply Point		As per rules agreed for Modification 0385		N/A
Site Visits (excludes GSOS for Metering Visits)	Larger Supply Point and Smaller Supply Point	95%	Failure to keep appointment for agreed site visit (existing rules for agreed site visits ratified by Development Work Group)	£20	where appointment agreed and User fails to attend or Transco is unable to obtain access
Gas not made available (I&C) (DM) (NDM) (Interruptible)	Larger Supply Point	All Failures	Existing Network Code Rules apply	Greater of 10 x Annual Capacity for Firm or	N/A

				5 x Annual Capacity for Interruptible or DM £250 NDM £50 per Supply Point	
File format governance for UKlink Class 2 and 3 changes as Existing Network Code Rules. Consult on proposed change, Give notice of change of not less than 3 months, Failure to notify of non implementation of change within one business day.	N/A	All Failures All Failures All Failures	No consultation No notice Not implemented Existing Network Code Rules apply	£500 per User, per failure	N/A
Proposed New Standards					
Non Availability of UK Link System (as definition per UK Link manual) excluding planned outages.	N/A	99% of service availability as defined in UK Link manual	system unavailable for a period not less than 24 hours	£1,000 per User affected	✓ Where failure can be attributed to inappropriate actions of a User, affected Users should have the right to recover incentive payments from such user.
Non Recovery of UK Link System (definition per UK Link manual)	N/A	All Failures recovery with in 5hrs as defined in UK Link manual	repeated failure within the business day following recovery	£50 per user affected 1st repeated failure to increase by 100% for each subsequent failure within the business day per user affected e.g. £50, £100, £200, £400, £800	✓ Where failure can be attributed to inappropriate actions of a User, affected Users should have the right to recover incentive payments from such user.
Query Resolution GT					
I&C Queries resolved	Larger Supply Point				✓ In order to protect users from the potential for gaming where a User

					submits invalid queries exceeding 10% of the total volume of queries submitted by that user in any month they shall be excluded from receiving any benefit from this standard. (Volume limits to be recorded based upon a Larger and Smaller supply points)
(Duplicates excluded from incentive payment)		35%	4days	£5	£5
		80%	10days	£10	£20
		95%	20days	£50	£100
		All Failures	>40days	£100 pcm	£200
Domestic Queries resolved	Smaller Supply Point				✓ as I & C queries above
(Duplicates excluded from incentive payment)		35%	4days	£2.5	£2.5
		80%	10days	£5	£10
		95%	20days	£10	£20
		All Failures	>40days	£25 pcm	£50
Query Resolution Metering (Transitional Standard to be removed from Network Code at Metering separation date) <u>NB</u> Upon separation it is proposed that the standard will be suspended for a short period to permit systems "cut over"	Larger Supply Point				✓ In order to protect users from the potential for gaming where a User submits invalid queries exceeding 10% of the total volume of queries submitted by that user in any month they shall be excluded from

					receiving any benefit from this standard. (Volume limits to be recorded based upon a Larger and Smaller supply points)
I&C Queries resolved					
		35%	4days	£5	£5
		80%	10days	£10	£20
		95%	20days	£50	£100
		All Failures	>40days	£100 pcm	£200 pcm
Domestic Queries resolved	Smaller Supply Point				✓ as I & C queries above
		35%	4days	£2.5	£2.5
		80%	10days	£5	£10
		95%	20days	£10	£20
		All Failures	>40days	£25 pcm	£50 pcm

NB All proposed standards are subject to development of agreed business rules.

2. Transco's Opinion

Transco is of the opinion that the final standards of service package (as shown in the table below), negotiated by the Development Work Group, represents a fair balance between User desires to incentive Transco to consistently perform to a high standard while meeting Transco's requirement to have some scope to avoid liability payments by exceeding the performance levels. Obviously this rationale does not apply where Transco is liable for all failures, in which case the payments are more compensatory in nature. Nevertheless, Transco remains of the opinion that the terms of the package as a whole are fair.

Network Code Development

Item	% Split for Larger and Smaller Supply Points?	Final Proposed Standard	Failure	Incentive Payment	Shadow Log
Existing Standards Retained					
Provision of DM Meter Reads	100% Larger	97.5%	by 11.00 hrs D+1 >D+4 PPL measured over a calendar month.	£30 per meter point per day £70 per meter point per day (exc. from PPL)	N/A
Production of CV data to shippers by 11.00 hrs and 16.00 hrs	N/A	All Failures	by 16.00 hrs D+1 Where Transco becomes aware of a change to published CV Data it will endeavour to advise within 5 business days	£50 per User, per event £250 per User, per event	N/A
Invalid Offer (LDZ)	100% Larger	All Failures	Existing Network Code Rules	£50 per confirmation	N/A
Nominations Referred	80% Larger 20% Smaller	97% 100%	>12 days >17 days	£30 £50 per nomination	Yes, where access is a problem for site visits
Suppressed reconciliation DM (SRV's) (NB this standard excludes those suppressed items covered by USRV)	100% Smaller	98%	>1m >2m (invoice month following resolution of suppression)	£40 £60	N/A
Suppressed reconciliation NDM (SRV's) (NB excludes those suppressed items covered by USRV arrangements)	100% Smaller	98%	>1m >2m (invoice month following resolution of suppression)	£20 £30	Yes, must Reads
Adjustments to GRE charges	N/A	As per existing rules	As per Network Code rules as agreed in Modification 0385 (part of Transition document until Feb 02)	As per existing rules	N/A

Item	% Split for Larger and Smaller Supply Points?	Final Proposed Standard	Failure	Incentive Payment	Shadow Log
Gas not made available (I&C) (DM) (NDM) (Interruptible)	50% Larger 50% Smaller	All Failures	Existing Network Code Rules apply	Greater of 10 x Annual Capacity for Firm or 5 x Annual Capacity for Interruptible or DM £250 NDM £50 per Supply Point	N/A
File format governance for UKlink Class 2 and 3 changes as Existing Network Code Rules. Consult on proposed change, Give notice of change not less than 3 months Failure to notify of non implementation of change within 1 business day	N/A	All Failures All Failures All failures	No consultation No notice Not implemented Existing Network Rules apply	£500 per User, per failure £500 per User, per failure £1,000 per User, per failure	N/A
Proposed New Standards					
Non Availability of UK Link System (as definition per UK Link manual) excluding planned outages.	N/A	99% of service availability as defined in UK Link manual	System unavailable for a period not less than 24 hours	£1,000 per User affected	Yes, where failure can be attributed to inappropriate actions of a User, any liability payments will be suspended.
Non Recovery of UK Link System (definition per UK Link manual)	N/A	All Failures recovery with in 5hrs	Repeated failure within the business day following recovery as defined in UK Link manual	£50 per user affected 1st repeated failure to increase by 100% for each subsequent failure within the business day per user affected e.g. £50, £100, £200, £400, £800	Yes, where failure can be attributed to inappropriate actions of a User, any liability payments will be suspended

Network Code Development

Query Resolution GT	50% Larger 50% Smaller	(Duplicates excluded from 4 day incentive payment)			Yes, refer to excluded queries in the SOS QM Operational Guidelines. Also in order to protect Users from potential gaming a current month daily limit for queries submitted will be applied.
Larger Supply Point Queries resolved		50% 85% 98% All Failures	4 days 10 days 20 days >40 days	£0 £5 £30 £70 (and for each additional period of not less than 20 Transco days)	
Item	% Split for Larger and Smaller Supply Points?	Final Proposed Standard	Failure	Incentive Payment	Shadow Log
Smaller Supply Point Queries resolved (Duplicates excluded from 4 day incentive payment)		50% 85% 98% All Failures	4 days 10 days 20 days >40 days	£1 £3 £6 £20 (and for each additional period of not less than 20 Transco days)	Yes, as I & C queries above
Query Resolution Metering (Transitional Standard to be removed from Network Code at Metering separation date)	50% Larger 50% Smaller				Yes, refer to excluded queries in the SOS QM Operational Guidelines. Also in order to protect Users from potential gaming a current month daily limit for queries submitted will be applied.
Larger Supply Point Queries resolved		50% 85% 98% All Failures	4 days 10 days 20 days >40 days	£0 £5 £30 £70 (for each additional period of not less than 20 days)	
Smaller Supply Point		50%	4 days	£1	

Queries resolved		85% 98% All Failures	10 days 20 days >40 days	£3 £6 £20 (for each additional period of not less than 20 days)	
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NB: The 4 day standard for both Smaller and Larger supply point queries will be increased to:

65% after 6 months
75% after 12 months
80% after 18 months

from the first day of the month following Modification implementation date.

The 10 day standard for both Smaller and Larger supply point queries will be increased to:

90% after 6 months
95% after 12 months

from the first day of the month following the Modification implementation date

A summary of the standards within the table is shown below highlighting the areas of change:

New Standards

- Query Resolution
- UK Link System Failures
- UK Link System Recovery
- CV Data - Revisions

Increased PPL's

- Referred Nominations
- Site Visit Appointments
- DM Reads
- Suppressed Reconciliation (NDM/DM)

Increased Incentive Payments

- DM Reads
- CV Data
- Invalid Offers
- Referred Nominations
- File Formats
- Failure to Provide Gas

Overall Cap & Sub Caps

The Development Work Group agreed that the majority of standards should be of equal value with each sub cap set at a level of £5m. However, Users represented at the Development Work Group proposed that 3 of the standards should have a different weighting and Query Resolution was set at £10m, File Formats at £3m and Site Visits at £2m. The absolute cap and sum of the sub caps remain at their current levels of £50m and £60m respectively. This should ensure that a balanced incentive regime is in place. However, should liability payments reach the absolute cap in any one period, sub cap payments (and any components within each sub cap) will be pro rated such that the absolute cap is not breached.

For some of the standards the principle of pro rating sub caps will also apply to customer types, that is, there would be a further pro-rating between 'Domestic' and 'Industrial & Commercial'. This will be a 50% split for all of the applicable standards apart from Referred Nominations which will be 20% for Smaller Supply Points and 80% split for Larger Supply Points. This would ensure that a major failure in one area would not preclude liabilities being paid to the other customer area. The existing consumption threshold of 73,200kWh would be used and for this reason (to be consistent with the Network Code) the terms 'Smaller' and 'Larger' Supply Points will be adopted.

Shadow Log

- It was agreed by the Development Work group that the following principles should apply to any shadow log arrangements and the group should also determine detail of the rules of operation for individual standards.
- Operation of any shadow arrangement must be cost effective and simple to operate for both Transco and Users.
- The shadow log should act to moderate User behaviour and inhibit the generation of liability payments from Transco through inappropriate action (or inaction).
- Polluter pays', i.e. the User(s) responsible for problems will be excluded from receipt of any payments in relation to the respective standard.
- Scope of shadow log arrangements should in the first instance be limited to those activities that impact on the standard of service process to which they relate.

Volume Scaling for User Queries

It was agreed during the Development Work Group discussions that variable volumes of query submissions could impact on the ability of Transco to meet its performance standards for resolving queries. Although, at an aggregate level, individual peaks would be smoothed out by troughs from other Users it was felt that there could still be times when sudden increases in the daily volumes of queries submitted (whether this be collectively by small increases by a number of Users or by very large submissions by one or two Users) could occur and this would result in an increased probability of not meeting planned performance levels.

As a consequence, it was agreed that a volume limit be applied for the Query Management regime which will protect Transco from large swings in query volumes, and avoid any perverse incentive for Users to submit volumes en-masse in order to hinder Transco's ability to meet the obligations introduced by such a regime. The volume scaling also seeks to encourage moderated behaviour from all Users so that any inappropriate action of one or a few Users, by the submission of excessive query volumes, could impact on the performance afforded to all other Users.

It was recognised that some Users submit very small volumes of queries every month. For these Users, an absolute increase of for example 5 queries, could represent a 100% increase in the average submitted volumes. As the impacts are minimal for these number of small queries, it was agreed that a lowest value be used for a Users current daily limit of queries. Transco undertook an analysis of Users that submit low level query volumes and proposed a figure of 5 for each of the 4 categories of queries. However, as the members of the Development Work Group did not agree this unanimously, it was agreed that this figure (on page 14 of the Standards of Service Query Management Guidelines) should be considered within the views of Users during the consultation process for this Modification Proposal.

3. Extent to which the proposed modification would better facilitate the relevant objectives

The additional standards and measures, together with the tightened service standards, further enable an efficient and economic system to operate consistently within the industry.

4. The implications for Transco of implementing the Modification Proposal , including

a) implications for the operation of the System:

No such implications have been identified.

b) development and capital cost and operating cost implications:

It is expected that development costs would be incurred but that they would not be significant. In terms of operating costs Transco does not believe that they will be significantly different to those currently being incurred.

c) extent to which it is appropriate for Transco to recover the costs, and proposal for the most appropriate way for Transco to recover the costs:

Transco's costs would be treated as normal operating costs.

d) analysis of the consequences (if any) this proposal would have on price regulation:

No such consequences have been identified.

5. The consequence of implementing the Modification Proposal on the level of contractual risk to Transco under the Network Code as modified by the Modification Proposal

Implementation of the Modification Proposal would result in a package of changes to the Network Code Standards of Service liability regime. Implementation would give rise to the inclusion of a number of new standards, as well as the deletion or amendment of others. On balance, through the inclusion of the new standards, coupled to either a rise in Planned Performance Levels ("PPLs") or payment values relating to the remaining standards, Transco's level of contractual risk would be increased as a result of implementation.

6. The development implications and other implications for computer systems of Transco and related computer systems of Users

An initial system impact analysis has identified that implementation would require additional functionality to be introduced to some of Transco's computer systems in order to monitor performance and generate reports. The full impacts of any potential system changes have yet to

be determined. Shippers may also need to amend any systems they have in order to monitor the new liabilities.

Following further analysis of the system impacts, 5 of the systems that support the standards require either parameter and/or logic changes. In addition to this a new system is required to monitor and report the standard for Query Resolution.

7. The implications of implementing the Modification Proposal for Users

Users at the Development Work Group confirmed that although no specific analysis had been undertaken, they anticipated that the implications would be relatively modest and would be largely procedural.

8. The implications of implementing the Modification Proposal for Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and, any Non-Network Code Party

No such implications have been identified.

9. Consequences on the legislative and regulatory obligations and contractual relationships of Transco and each User and Non-Network Code Party of implementing the Modification Proposal

No legislative or regulatory obligations have been identified.

10. Analysis of any advantages or disadvantages of implementation of the Modification Proposal

Advantage

The development process has allowed Users to focus on the operational areas that are most important to their businesses:

The new standards are related to

- Query resolution
- UK Link System Failures
- CV Data (Revisions)

It has also allowed shippers to dispense with liabilities for other standards where the performance is now consistently high.

Disadvantage

The only disadvantage identified through discussions with the Development Work Group was that some of the services with liabilities associated could exist outside the Network Code as contestable services and, as such, certain elements of the package, if the level of liability was too high, could act as a barrier to competition. However, the Development Work Group has always maintained that the intention of the SoS liability regime is to drive service levels not generate value from the payments themselves.

11. Summary of the Representations (to the extent that the import of those representations are not reflected elsewhere in the Modification Report)

Representations have been received from 7 shippers:-

Innogy plc
British Gas Trading Ltd
SSE Energy Supply Ltd.
TotalFinaElf Gas & Power Ltd
Statoil (UK) Gas Ltd
Powergen UK Plc
BP Gas Marketing

The balance of representations is in favour of implementation. Six Users (including the Proposer of the original SoS Modification Proposal 0514) stated that they were in favour of implementation with one User against. Although it should be noted that the User opposed to implementation confined its comments to the new Query Resolution standard and the Standards of Service Query Management Operational Guidelines.

Of those Users that supported implementation, two requested further justification on the period of development (3 months) that Transco requires for implementation, given that some of the existing standards have only had changes to the PPL's and incentive payments.

Transco's response: Although some of the existing standards have not changed significantly there is still a requirement for changes to be made to both systems and processes. In addition to this, the new standard relating to Query Resolution requires a significant amount of new system development to enable monitoring and reporting, particularly with the introduction of the new 4 day standard, Invalid Query shadow log, and Query Volume Scaling.

As part of its implementation plan, Transco also has to ensure that it has auditable processes and procedures in place to support the reporting requirements of the new standards.

Transco will endeavour to improve on the 3 month development lead time and if implementation could be achieved sooner then it would recommend an earlier implementation date. In this case, it would be sensible to ensure the cutover date is the first of a month, in order to avoid having to monitor performance across a month split between two SOS regimes.

Innogy provided the following comments relating to the Modification Proposal and legal drafting.

- *"The % split for the DM SRV standard shown in the table in paragraph 2 should we believe read 100% larger (not 100% smaller as stated)."*

Transco comment: The % split is correct as the beneficiary for **all** SRV payments are those Users with Smaller Supply Points.

- *"The £70 per meter point per day incentive payment shown against the DM Meter Reads standard in the table in paragraph 2 conflicts with the £75 stated in the legal drafting (M.5.2.3.a)".*

Transco comment: The correct incentive payment as agreed in the Development Work Group is £75 as stated in the drafting and not £70 as shown in the table.

- *"The legal drafting in U7.6.4 implies repeated failure of UK Link payments are set at £100 per event, whereas the incentive payment against that standard in the table in paragraph 2 implies that each subsequent event increases the payment by 100%".*

Transco comment: Repeated System Failures increase by 100% as per the table in paragraph 2. The legal text has been revised to reflect this.

- *"We believe there should be a lowest value set for a user's current daily limit of queries and would suggest a number between 5 and 10 as being appropriate. This issue however is more relevant to small shippers than ourselves and we would expect Ofgem to consider this further when deciding to approve the modification proposal or not"*

Transco comment: Transco proposed a limit of 5 based on an analysis of queries submitted and the consensus of the Development Work Group was for Ofgem to consider this further when making their determination on this Modification Proposal.

TotalFinaElf ("TFEGP") stated *"TotalFinaElf are disappointed that they are not able to support this Modification Proposal"* and expressed disappointment at the time spent by the industry developing revisions to the Standards of Service (SoS) as it had ambitions that the resulting proposals would be *"significantly better"* than those contained within the Modification Proposal. TFEGP *"accept that some improvements have been made, but in general the payments being proposed are too low and for some of standards the proposed levels are lower than current levels being achieved on a regular basis by Transco"*.

Transco's response: The Development Work Group has agreed the proposed levels of performance payments based on discussions for each specific standard. Transco does not believe it is appropriate to individualise the standards and their PPL's since the proposal has been developed and negotiated as a package of changes.

The remainder of TFEGP representation related to the Standards of Service Query Management Operational Guidelines: *"the above is not our principle reason for our lack of support for the modification. Our main reason lies with the proposed Operational Guidelines for the Standards of Service Query Management - Version 1. Overall we believe this to be a completely unacceptable proposal"*

TFEGP raised specific comments in respect of the Standards of Service Query Management Operational Guidelines and these have been grouped together as shown below:

- **Query Definition**

TFEGP objected to the way Transco have defined 'query' within the document. TFEGP stated *"any organisation that receives a communication from one of it's customers should respond to it's customer in the manner that is required by said customer"*

Transco's response: A significant part of the Development Work Group's time was spent developing and agreeing the definition of a 'query' and in line with the recommendation made in Modification Proposal 0514 (BGT's SoS proposal), this definition was ratified by the Standards of Service Sub Committee. The basis of the wording is taken from the existing definition as agreed in the Modification 122 Review Group and Bosworth Agreement with additional changes to support the impacts of Metering Separation.

- **Classification of Queries as Invalid and Shadow Log**

TFEGP also commented on the treatment of 'valid' queries and stated *"all queries from a customer should be valid and counted in SoS, and that it does " not accept invalid queries being used in the shadow log"*. In response to specific invalid categories TFEGP states; *"I have never seen an incomprehensible query as claimed by Transco - these should be closed as invalid but returned to the shipper as a DCF"*. Furthermore on the general aspects of 'valid' queries TFEGP state *"It is our firm belief that any query is valid, this is the way we expect to treat our customers"*. TFEGP also commented on whether Transco had any proof that Users behaviour will change with a liability regime resulting in Transco being bombarded with queries in order to generate compensation payments should it fail the performance levels.

Transco's response: The recommendation of a Shadow Log arrangement was contained in the BGT SoS Modification Proposal (0514) which Transco used as the basis for Modification Proposal 0565. It was agreed by the Development Work Group that the high level principle of how a 'Shadow Log' arrangement would work should be fully explored for each standard. In respect of the 'Shadow Log' arrangement for queries it was agreed by the Development Work Group that both parties, i.e. Transco and Users required protection to disincentivise inappropriate behaviour and agreed it would be prudent to include measures that protect Users from the behaviour of others. As query resolution performance does not currently have a liability regime, proof of a change in Users behaviour is not available.

All queries received by Transco are included within the performance standards and determination of the validity of a query only occurs at the resolution stage. The Development Work Group agreed that not all 'invalid' queries should be exempt from liability payments with only the specific categories which are exempt being defined within the Shadow Log Exclusions table.

In determining which 'invalid' queries should be considered for exclusion from liability payments, Transco presented an analysis of 'invalid' query examples and the Development Work Group agreed that 'poorly worded' queries should be excluded. Queries falling into this category contain insufficient information to establish whether or not the query is in fact a challenge to a data item and as such could not be progressed for resolution. In any event the number of 'invalid' queries falling into this category is low.

- **Limits on the Volume of Queries Allowed**

TFEGP expressed their view about the Query Volume Scaling and stated *"Determination of User Limits in not acceptable - a service provider cannot limit the number of enquiries/queries/communications from their customer. Similarly we cannot forecast how many queries etc we will have during a period of time. For expanding businesses like our own it is unfortunate but highly likely that our query numbers will increase in line with our number of customers/meter points"*.

Transco's response: The User limits do not restrict the receipt of queries by Transco, rather they seek to provide a reasonable basis to assess performance if normal volumes are exceeded. The Development Work Group agreed that Transco and Shippers needed protection against any individual User submitting exceptionally high volumes of queries in a day but recognised that customer queries could not be limited. The various ways in which the Query Volume Scaling could be applied were discussed in great detail by the Development Work Group. The method proposed in this report was agreed after reviewing a number of options and this was considered to be equitable to both Users and Transco. The way the User Query Volume limit is calculated over the 3 month period means that any query increases are factored in when setting the new limit.

- **Rules of Operation and Incentive Payments**

TFEGP raised specific comments on the rules of operation for queries stating *"Shippers have to send queries via set routes - where is the equivalent obligation on Transco"* and made reference to Transco operating a double standard, stating that *"shipper communications are said to be received on the next working day after sending. Transco's communications to shipper are said to be received on the same day as sent"*

Transco's response: Transco responds to queries in the same way as shippers submit their queries via ConQuest as agreed during the system and operational development of ConQuest 2000. The rules regarding Transco and User receipt is equitable for both in terms of time allocation per query as the standard of service dependency is assessed on the final case event description of the query prior to the daily system update.

Transco would like to clarify that other than the introduction of the Shadow Log, Query Volume Limits and references to the liability regime, the principles of the existing rules of operation for the submission of queries has not changed as a result of Modification Proposal 0565. This document has evolved from rules agreed during the development of the Bosworth Agreement and during Modification Review Group 122 "Review of Query Management Requirements".

TFEGP also stated *"we agree to the use of certain standard forms etc for communications to Transco but making this information mandatory is unacceptable"*

Transco's response: It is necessary for Transco to make certain information mandatory to enable investigation of a query for resolution.

TFEGP further stated that *"Transco only pay a penalty after a complete block of 20 days over the standard. We believe this is unacceptable and should be based on a payment for each day over the standard"*.

Transco's response: The calculation of the incentive payment for queries outstanding over 20 days, was reviewed at the Development Work Group and the option of a daily rate was considered. It was agreed by Development Work Group that a payment should be made for each 20 day period greater than 20 days as originally proposed in Modification 0514, i.e. equivalent payment per calendar month.

12. The extent to which the implementation is required to enable Transco to facilitate compliance with safety or other legislation

Implementation of this Modification Proposal is not required to enable Transco to facilitate compliance with safety or other legislation.

13. The extent to which the implementation is required having regard to any proposed change in the methodology established under Standard Condition 4(5) or the statement furnished by Transco under Standard Condition 4(1) of the Licence

This proposal is not required to facilitate any such change.

14. Programme of works required as a consequence of implementing the Modification Proposal

Transco will need to develop processes, reporting and systems to support the implementation of this Modification Proposal. Users have indicated that they may also need to undertake some work to develop reports and processes.

15. Proposed implementation timetable (including timetable for any necessary information systems changes)

The proposed implementation timetable is as follows:

Draft Modification Report Issued	- February
Final Modification Report Issued	- March
Ofgem Decision	- [Month]
Implementation Date	- [Month + 3 months]
	(Implementation Month = 1st day on the month)

A period of 3 months is required by Transco from the date of the Ofgem determination to develop systems, processes and reporting. A cutover date for the first of a month is recommended, to avoid having to monitor performance across a month split between two SOS regimes.

16. Recommendation concerning the implementation of the Modification Proposal

Transco recommends implementation of the Modification Proposal.

17. Restrictive Trade Practices Act

If implemented this proposal will constitute an amendment to the Network Code. Accordingly the proposal is subject to the Suspense Clause set out in the attached Annex.

18. Transco's Proposal

This Modification Report contains Transco's proposal to modify the Network Code and Transco now seeks direction from the Gas & Electricity Markets Authority in accordance with this report.

The Standards of Service Query Management Operational Guidelines and GRE Invoice Query Incentive Scheme Methodology are supporting documents to this legal text.

19. Text

Section C

Amend paragraph 1.7 as follows:-

- ~~"1.7.2 If Transco does not comply with paragraph 1.7.1 (i) and (ii) on any Day Transco will pay to each User an amount calculated as $(N * £1)$; where N is the number of Performance Relevant Supply Meters for which the User is Registered User on that Day (determined in accordance with Section M5.1.1(a) and (c)(ii)).~~
- ~~1.7.3 If having failed to comply with paragraph 1.7.1 (i) and (ii) on any Day, Transco does not make available to Users the information in that paragraph by 16:00 on the Gas Flow Day, Transco will pay to each User with an associated UDQO in respect of Supply Point(s) in the relevant LDZ on the Preceding Day the ~~an~~ amount calculated as $(N * £50)$; where N has the meaning in paragraph 1.7.2.~~
- 1.7.3 Where within 12 calendar months of making information available to Users pursuant to paragraph 1.7.1(i) Transco becomes aware that such information is incorrect, Transco will recalculate such information for each day during the affected period and make it available to Users within 5 Business Days of the recalculation being completed.
- 1.7.4 Where Transco fails to comply with the provisions of paragraph 1.7.3 above, Transco will make a payment to each User with an associated UDQO in respect of Supply Point(s) in the relevant LDZ during the relevant period of the amount of £250.
- 1.7.45 For the purposes of Section V13, the rules in paragraph 1.7.2 and 1.7.34 are Compensation Rules within Compensation Group AB; and in relation thereto the 'payment month' is the second month following the month in which the relevant Day-fell information is made available to the User pursuant to paragraph 1.7.3."

Section E

Amend paragraph 8.2.1 as follows:-

- ~~"8.2.1 In respect of each LDZ of each Reconciliation Billing period Transco will pay to the User the User's LDZ Suppressed Reconciliation Proportion of the amount (provided such amount is positive) calculated as the aggregate of:~~
- ~~(a) $((((0.950.98 * A) - B) * £20) + (C * £30) - (M * £25))$~~
- where following Individual NDM Reconciliation in Reconciliation Billing Period 'p'
- A is the number of Suppressed Reconciliation Values that have been Suppressed in Reconciliation Billing Period 'p';
- B is the number of Suppressed Reconciliation Values that had been Suppressed in Reconciliation Billing Period 'p' which are not Suppressed in Reconciliation Billing Period 'p + 1';
- C is the number of Suppressed Reconciliation Values that had been Suppressed in any Reconciliation Billing Period 'p' and which remain Suppressed in Reconciliation Billing Period 'p + 2' or any subsequent Reconciliation Billing Period:-
- M is number of Meter Reads obtained by Transco in relation to the User under Section M3.6.1 that are Suppressed in Reconciliation Billing Period 'p'

and

$$(b) \quad (((0.950.98 * D) - E) * £40) + (F * £60))$$

where following DM Reconciliation in Reconciliation Billing Period 'p'

- D is the number of Reconciliation Values Suppressed in Reconciliation Billing Period 'p';
- E is the number of Reconciliation Values Suppressed in Reconciliation Billing Period 'p' which are not Suppressed in Reconciliation Billing Period 'p + 1';
- F is the number of Reconciliation Values Suppressed in Reconciliation Billing Period 'p' and which remain Suppressed in Reconciliation Billing Period 'p + 2' or any subsequent Reconciliation Billing Period.

Amend paragraph 8.2.3 as follows:-

8.2.3 For the purposes of Section V13:-

- (a) the rules in paragraph 8.2.1(a) are Compensation Rules within Compensation Group BC;
and
- (b) the rules in paragraph 8.2.1(b) are Compensation Rules within Compensation Group D
and in relation thereto the 'payment month' is the second month following Reconciliation Billing
Period p+2."

Section G

Amend paragraph 1.18 as follows:-

"1.18 Site Visits Appointments

1.18.1 This paragraph 1.18 applies where:

- (i) the User believes that the information set out in the Supply Point Register that:-
 - (a) has been provided by Transco pursuant to the Code; or
 - (b) subject to paragraph (v) below, relates to Meter assets relating to a Supply Meter Point contained in any notification submitted by Transco to the User pursuant to the Code, other than a notification submitted pursuant to Sections G7 or M,

is incorrect;
- (ii) the User has so notified Transco, providing details of the information which the User believes to be incorrect, ~~and~~ what the User believes to be the correct information and the contact details for the consumer at the Supply Point Premises (the "relevant consumer");
- (iii) following such notification, Transco has been unable (after examining the details contained in the Supply Point Register) to resolve the matter notified by the User (the "**relevant matter**");
- (iv) subject to paragraph (v) below, the User has accordingly requested Transco and Transco has agreed to endeavour to contact the relevant consumer and has consequently arranged with such consumer a time and date when Transco may visit the Supply Point Premises to investigate the relevant matter (a "Site Visit Appointment");:-
- (v) a Site Visit Appointment shall not include any visit (whether undertaken or not) to the consumer's premises which:-
 - (i) is subject to the standards of performance set out in the Gas (Standards of Performance) Regulations 2002;

(ii) after the Metering Separation Date, relates to Meter assets.

1.18.2 Where a Site Visit Appointment has been arranged as set out in this paragraph 1.18.1 applies, subject to paragraph 1.18.3, Transco will use reasonable endeavours, within 15 Business Days after agreeing (as described in paragraph 1.18.1(iv)) to do so during normal business hours (08:30 hours to 17:00 hours), or on or by such later date and time as Transco and the User consumer may agree, to visit the Supply Point Premises and (subject to being given the required access) investigate the relevant matter.

1.18.3 Where Transco has notified to the User a particular date (complying with paragraph 1.18.2) and time for such visit, or agreed such a date and time with the User a Site Visit Appointment has been arranged, Transco may require that the User attend at the Supply Point Premises at such time and date, and where Transco so requires, Transco will not be required to investigate the relevant matter if the User does not so attend and such Site Visit Appointment shall be deemed to be a completed Site Visit Appointment for the purposes of paragraph 4.9.1:-

1.18.4 If Transco is unable (upon such a visit) to obtain the access required to investigate the relevant matter, Transco shall not be required to revisit the Supply Point Premises, and

- (a) if Transco did not require (pursuant to paragraph 1.18.3) the User to attend, Transco will so inform the User as soon as reasonably practicable after making such visit
- (b) such Site Visit Appointment shall be deemed to be a completed Site Visit Appointment for the purposes of paragraph 4.9.1:-

Amend paragraph 4.1 as follows:-

4.1.1 For the purposes of this paragraph 4.1:

- (i) Transco “**responds**” to a Supply Point Nomination by rejecting such nomination (in accordance with paragraph 2.3.6) or submitting a Supply Point Offer (in accordance with paragraph 2.4.1) or submitting a referral notice (in accordance with paragraph 2.3.8); and Transco “further” responds to a referred Supply Point Nomination by submitting a Supply Point Offer (in accordance with paragraph 2.4.1);
- (ii) periods within which Transco is to respond to a Supply Point Nomination run from the Business Day after the Supply Point Nomination was submitted;
- (iii) ~~where Transco is late (by reference to any period required under this paragraph 4.1) in responding to a Supply Point Nomination by submitting a Supply Point Offer, no error in any of the details contained in the Supply Point Offer shall relieve Transco of any liability (by reason of such lateness) under this paragraph 4;~~
- ~~(iv)~~(iii) a Supply Point Nomination is “**referred**” where paragraph 2.3.8 applies in relation thereto.

4.1.2 ~~Transco will respond within 2 Business Days to not less than 99% of the Supply Point Nominations submitted:~~

- ~~(i) by each User in any calendar month;~~
- ~~(ii) for the purposes of Section V13.2.2(a), by all Users in any quarter.~~

4.1.3 ~~If, in respect of the Supply Point Nominations submitted by a User in any calendar month, Transco does not comply with the requirement in paragraph 4.1.2(i), Transco will (subject to the further provisions of the Code) pay to the User an amount calculated as:~~

$$((0.99 * A) - B) * C$$

~~where for the relevant month:~~

- ~~A is the number of Supply Point Nominations submitted by the User in that month;~~
- ~~B is the number of Supply Point Nominations submitted by the User in that month to which Transco did respond within 2 Business Days;~~

~~and where C is the relevant percentage of £2.~~

~~4.1.42 Transco will further respond within 12 Business Days to not less than 95%97% of the referred Supply Point Nominations submitted:~~

- ~~(i) by each User in any calendar month;~~
- ~~(ii) for the purposes of Section V13.2.2(a), by all Users in any quarter.~~

~~4.1.53 If, in respect of the referred Supply Point Nominations submitted by a User in any calendar month, Transco does not comply with the requirement in paragraph 4.1.4(i)2, Transco will (subject to the further provisions of the Code) pay to the User an amount calculated as:~~

$$((0.950.97 * A) - B - C) * \text{€}30$$

~~where for the relevant month:~~

- ~~A is the number of referred Supply Point Nominations submitted by the User in that month;~~
- ~~B is the number of referred Supply Point Nominations submitted by the User in that month to which Transco did respond within 12 Business Days;~~
- ~~C is the number of referred Supply Point Nominations where:-~~
 - ~~(i) Transco reasonably consider that a site visit was necessary (in accordance with the further provisions of this Section G); and~~
 - ~~(ii) Transco was unable to perform such site visit within 12 Business Days as a result of failure, acting reasonably, to obtain any consents necessary to undertake such site visit (and Transco shall not be required to seek any such consent after the 10th Business Day)~~

~~and where C is the relevant percentage of £15.~~

~~4.1.64 In respect of each referred Supply Point Nomination submitted by a User, if Transco does not respond within 17 Business Days, Transco will (subject to the further provisions of this paragraph 4) pay to the User the relevant percentage of £15 £50 in respect of each referred Supply Point Nomination submitted by a User, if Transco does not respond within 17 Business Days provided that Transco will not be liable to pay such amounts where-~~

- ~~(i) Transco reasonably considered that a site visit was necessary (in accordance with the further provisions of this Section G); and~~

(ii) Transco was unable to perform such site visit within 17 Business Days as a result of failure, acting reasonably, to obtain any consents necessary to undertake such site visit (and Transco shall not be required to seek any such consent after the 15th Business Day)

4.1.75 Amounts payable under paragraph 4.1.64 are in addition to and irrespective of any amounts which may become payable in respect of any month under paragraph 4.1.53.

4.1.87 For the purposes of Section V13, ~~the rule in paragraph 4.1.3, and the rules in paragraphs 4.1.53 and 4.1.64,~~ are Compensation Rules within Compensation Group CG; and in relation thereto:

- (a) the 'payment month' is the second month following that in which the relevant Supply Point Nomination was submitted;
- (b) ~~the 'relevant aggregate requirement' in respect of a quarter is:~~
- (i) ~~for the purposes of the Compensation Rule in paragraph 4.1.3, the requirement in paragraph 4.1.2(ii);~~
- (ii) ~~for the purposes of the Compensation Rules in paragraph 4.1.5 and 4.1.6, the requirement in paragraph 4.1.4(ii);~~
- (e) ~~the quarter by reference to which the relevant percentage is to be determined is the quarter in which the relevant Supply Point Nomination was submitted~~

Delete paragraph 4.2 and replace with "[Not Used]"

Delete paragraph 4.3 and replace with "[Not Used]"

Delete paragraph 4.4 and replace with "[Not Used]"

Delete paragraph 4.5 and replace with "[Not Used]"

Delete paragraph 4.6 and replace with "[Not Used]"

Amend paragraph 4.7 as follows:-

4.7.1 Where:

- (a) a Supply Point Offer submitted by Transco does not comply with the applicable requirements of Section G2.4 and the UK Link Manual;
- (b) the Proposing User submitted a Supply Point Confirmation (on the basis of such Supply Point Offer) in accordance with the requirements of this Section G; and
- (c) as a result of the Supply Point Offer's non-compliance (referred to in paragraph (a)) such Supply Point Confirmation was rejected

then ~~(subject to paragraph 4.7.3)~~ paragraph 4.7.2 shall apply.

4.7.2 Where this paragraph 4.7.2 applies, Transco will (subject to the further provisions of the Code) pay to the Proposing User an amount of ~~£15~~£50 for each Supply Point Confirmation rejected as described in paragraph 4.7.1(c).

4.7.3 ~~Where, as a result of a failure of the UK Link System to comply with any requirement of Section U, a Proposing User is unable to submit a Supply Point Confirmation in accordance with the requirements of this Section G or a Supply Point Confirmation submitted in accordance with the requirements of this Section G is rejected, paragraph 4.7.2 shall not (if otherwise applicable) apply, and Transco will pay to the Proposing User an amount of £10 for each Day from the first relevant date until the last relevant date.~~

4.7.4 For the purpose of paragraph 4.7.3:

- (a) ~~the first relevant date is the later of:~~
 - (i) ~~the 15th Business Day after the Proposing User notified Transco that its Supply Point Confirmation was rejected in the circumstances in paragraph 4.7.3; and~~
 - (ii) ~~the date on which the Proposing User was first obliged by contract to supply gas at the Proposed Supply Point;~~
- (b) ~~the last relevant date is the earliest of:~~
 - (i) ~~the date 60 Days after the first relevant date;~~
 - (ii) ~~if the Proposing User submitted a further Supply Point Confirmation which was not rejected as a result of the circumstances in paragraph 4.7.3, the Proposed Supply Point Registration Date under such Supply Point Confirmation (or if earlier the date with effect from which such Supply Point Confirmation was rejected other than in those circumstances, or lapsed pursuant to paragraph 2.8.6; and~~
 - (iii) ~~in the circumstances in paragraph 4.7.1, the date which is 17 Business Days after the date on which Transco has submitted a further Supply Point Offer which is in compliance with the applicable requirements of Section G2.4 and the UK Link Manual.~~

4.7.53 For the purposes of Section V13, the rule in paragraphs 4.7.2 is a Compensation Rule within Compensation Group ~~EB~~, and the rule in paragraphs 4.7.3 is a Compensation Rule within Compensation Group ~~C~~; and in relation thereto and subject to paragraph 4.7.4 the 'payment month' is the second month following that in which the Supply Point Confirmation was submitted.

4.7.64 Transco will not and is not required to monitor its performance in relation to the Compensation Rules under this paragraph 4.7, and will not be required to make any

payment under this paragraph 4.7 unless the User in question notifies to Transco the circumstances in which such payment is due not later than the expiry of the second month following that in which the Supply Point Confirmation was submitted, in which case the payment month becomes the second month after the month of such notification ~~payment month.~~

Delete paragraph 4.8 and replace with "[Not Used]"

Amend paragraph 4.9 as follows:-

4.9.1 ~~For the purposes of this paragraph 4.8:~~

- (a) ~~a "site visit" is a visit to Supply Point Premises agreed between Transco and a User as described in paragraph 1.18.1(iv);~~
- (b) ~~Transco shall be taken to have performed~~ completed a Site Visit Appointment ~~the site visit if:~~
 - (i) where Transco attends at the Supply Point Premises on a date which complies with paragraph 1.18.3; and
 - (a) ~~ii~~ Transco investigates the relevant matter (as described in paragraph 1.18); or
 - (b) the User did not attend if required to do so in accordance with paragraph 1.18.3; or
 - (c) Transco was unable (after reasonable attempts to do so at the time of its visit) to obtain access to the Supply Point Premises; or
 - (e) ~~the calendar month or quarter in which a site visit was agreed is that in which Transco and the User reached agreement for the site visit, and not that in which the site visit is to be made.~~

4.9.2 ~~Transco will perform at least 90% of the site visits agreed:~~

- (i) ~~with each User in any calendar month;~~
- (ii) ~~for the purposes of Section V13.2.2(a), with all Users in any quarter. [Not Used]~~

4.9.3 If, Transco does not complete all in respect of the site visits agreed with a User ~~Site Visit Appointments~~ in a calendar month, ~~Transco does not comply with paragraph 4.9.2(i),~~ Transco will (subject to the further provisions of the Code) pay to the User an amount calculated as:

$$((0.9 * A) - B) * \underline{\pounds 20\text{€}}$$

where for the relevant month:

A is the number of ~~s~~ Site v Visits Appointments ~~agreed with the User~~ due to be carried

out in that month;

B is the number of ~~sSite Visits~~ Appointments ~~agreed with the User in that month which Transco did perform~~ completed in accordance with paragraph 4.9.1.;

and where C is the relevant percentage of £20.

4.9.4 For the purposes of Section V13, the rule in paragraph 4.9.3 is a Compensation Rule within Compensation Group HD; and in relation thereto

- (a) the 'payment month' is the second month following that in which the relevant Ssite ~~Visit~~ Appointment was ~~agreed~~ due to be carried out;
- (b) ~~the 'relevant aggregate requirement' in respect of a quarter is the requirement in paragraph 4.9.2(ii);~~
- (c) ~~the quarter by reference to which the relevant percentage is to be determined is the quarter in which the relevant site visit was agreed.~~

Delete paragraph 4.10 and replace with "[Not Used]"

Section J

Amend paragraph 3.5.2 as follows:-

"3.5.2 In the case of a Supply Point whose Annual Quantity does not exceed 73,200 kwh (2,500 *therms*) per annum and where the supply of gas is not taken wholly or mainly for domestic purposes:

where as a result of the relevant failure gas is not available for offtake for a period of not less than 24 hours, Transco will pay to the Registered User an amount of £~~20~~50 for each consecutive period of 24 hours or part of such a period, commencing with the expiry of the first 24 hours of such failure, during which the relevant failure continued;

Amend paragraph 3.5.3 as follows:-

3.5.3 In the case of a Supply Point Component whose Annual Quantity exceeds 73,200 kwh (2,500 *therms*) per annum and where the supply of gas is not taken at the Supply Point {Component} wholly or mainly for domestic purposes~~other than one comprised in such a Supply Point as is referred to in paragraph 3.5.2,~~ Transco will pay to the Registered User an amount determined as:

- (a) subject to paragraph (b), the amount calculated according to the following formula:

$$C * (1 - X/Y) * P * F$$

where:

- C is the amount of the Supply Point Capacity held by the User at the Supply Point Component on the relevant Day, or in relation to an Interruptible Supply Point Component only, if less, the Bottom-stop Supply Point Capacity;
- X is in the case of a DM Supply Point Component, the quantity of gas which was made available for offtake from the System on the relevant Day;
- Y is in the case of a DM Supply Point Component the Nominated Quantity (subject to paragraph 3.5.4) under the Output Nomination for the relevant Supply Point Component, provided that
- (i) no account shall be taken of any Renomination, on the Day when the failure occurred or first occurred, made after the time at which the Registered User first became aware of such failure; and
 - (ii) Y shall not exceed the amount of the User's Registered Supply Point Capacity at the Supply Point Component, disregarding any increase therein applied for after the relevant failure first occurred;
- X/Y is in the case of an NDM Supply Point Component, zero;
- P is the sum of the Applicable Daily Rates of:
- (i) the Capacity Variable Component of the Customer Charge, and
 - (ii) in the case of an LDZ Supply Point, the LDZ Capacity Charge, and
 - (iii) the applicable NTS Exit Capacity Charge.
- F is ~~two (2)~~ten (10) in relation to a Firm Supply Point Component and ~~one (1)~~five (5) in relation to an Interruptible Supply Point Component;
- (b) where:
- (i) as a result of the relevant failure gas is not available for offtake for a period of 24 hours, and
 - (ii) ~~for the period as a whole for which such failure continues, the amount determined under this paragraph (b) exceeds the amount in aggregate that would be payable to the User under paragraph (a) for all of the Days in such period, the amount determined under paragraph (a) would for each consecutive period of 24 hours during which the relevant failure continued be less than £50 in relation to a NDM Supply Point Component and £250 in relation to an DM Supply Point Component~~
an amount of £20 the amount determined under paragraph (a) shall not be payable to the User and for each consecutive period of 24 hours or part of such a period, commencing with the expiry of the first 24 hours of such failure, during which the relevant failure continued, Transco will pay to the Registered User an amount of

£50 in relation to a NDM Supply Point Component and an amount of £250 in relation to an DM Supply Point Component.

Amend paragraph 3.5.4(iii) as follows:-

- (iii) for the purposes of paragraphs 3.5.2 and 3.5.3(b), any such period of 24 hours as is referred to in Section ~~L4.3.2(e)~~ L4.3.2(d) is concurrent with and not in addition to the first 24 hours referred to in paragraph 3.5.2 or 3.5.3(b), and accordingly (notwithstanding Section L.4.3.1) any period of Programmed Maintenance (in respect of the Supply Point) shall count towards such first 24 hours.

Amend paragraph 3.5.7 as follows:-

- 3.5.7 For the purposes of Section V13, the rules in paragraph 3.5.2 and 3.5.3 are Compensation Rules within Compensation Group ~~JD~~; and in relation thereto the 'payment month' is the second month following the month in which the relevant failure commenced.

Amend paragraph 3.10.8 as follows:-

- 3.10.8 For the purposes of Section V13, the rule in paragraph 3.10.3 is a Compensation Rule within Compensation Group ~~JD~~; and in relation thereto the "**payment month**" is the second month following the month in which the relevant failure commenced."

Section M

Delete paragraph 2.7 and replace with "[Not Used]"

Amend paragraph 5.1.1(a) as follows:-

- "(a) Subject to paragraphs 5.1.2 ~~and~~ 5.1.3 and 5.2.3, for any User a "Performance Relevant Supply Meter" is:

Delete paragraph 5.1.5

Amend paragraph 5.2 as follows:-

- 5.2.1 Subject to paragraph 5.3, Transco will provide not less than ~~95%~~ 97.5% of the required number of Valid Meter Readings:

- (i) to each User, in respect of each ~~week (from Monday to Sunday)~~ month;

- (ii) ~~for the purposes of Section V13.2.2(a), to all Users, in respect of each quarter,~~

in each case not later than 11:00 hours on the Day following the Day to which the relevant Meter Reading relates; and for the purposes of this paragraph, the required number of Valid Meter Readings in respect of a User in a ~~monthweek, or in respect of all Users in a quarter,~~ is the sum of the numbers of the Performance Relevant Supply Meters of the User on each Day of such ~~monthweek or (as the case may be)~~

~~of all Users on each Day in such quarter.~~

- 5.2.2 Subject to paragraphs 5.2.3 and 5.3, if in respect of any week month Transco does not comply with the requirement in paragraph 5.2.1(i), Transco will pay to the User an amount calculated as:

$$((\del{0.950.975} * A) - B) * \pounds30 \text{ €}$$

where for the relevant ~~week month~~:

- A is the sum for all Days in the week month of the number of the User's Performance Relevant Supply Meters;
- B is the sum for all Days in the week month of the number of Valid Meter Readings in respect of the User's Performance Relevant Supply Meters which Transco provided by 11:00 hours on the following Day;

~~and where C is the relevant percentage of £20.~~

- 5.2.3 In respect of each Performance Relevant Supply Meter and Subject to paragraph 5.3, if for each of 7 4 consecutive Days Transco does not provide to a User a Valid Meter Reading by 11:00 hours on the Day following each such Day then for each further day (after the 4th) for which Transco fails to provide a Valid Meter Reading by 11:00 hours on the following Day:-

- (a) Transco will pay to the User (subject to paragraph 5.2.5) the relevant percentage of £30 £75 for each further Day (after the 7th) for which Transco fails to provide a Valid Meter Reading by 11:00 hours on the following Day; and
- (b) such Meter shall not be counted as a Performance Relevant Supply Meter for the purposes of paragraph 5.2.2.

- 5.2.4 ~~Amounts payable under paragraph 5.2.3 are in addition to and irrespective of any amounts which may become payable in respect of any week under paragraph 5.2.2. [Not Used]~~

- 5.2.5 In the case of a Shared Supply Meter Point the amount payable to a User pursuant to paragraph 5.2.3 will be the amount specified under that paragraph divided by the number of Sharing Registered Users.

- 5.2.6 For the purposes of Section V13, the rules in paragraphs 5.2.2 and 5.2.3 are Compensation Rules within Compensation Group A; and in relation thereto:

- (a) the 'payment month' is the second month following ~~that in which~~:
- (ai) for the purposes of paragraph 5.2.2, the relevant ~~week month~~ fell;
- (bi) for the purposes of paragraph 5.2.3, that in which the relevant Day fell;

(b) ~~the 'relevant aggregate requirement' in respect of a quarter is the requirement in paragraph 5.2.1(ii);~~

(e) ~~the quarter by reference to which the relevant percentage is to be determined is the quarter in which the Day for which a Valid Meter Reading is required under paragraph 5.2.1 falls.~~

Insert as new paragraph 5.1.5:-

5.3 For the avoidance of doubt paragraph 5.2 shall apply in respect of all Performance Relevant Supply Meters."

Section S

Insert as new paragraph 4.7¹:-

"4.7 GRE Invoice Query Incentive Scheme Methodology

4.7.1 For the purposes of this section:

(a) the "GRE Invoice Query Incentive Scheme Methodology" is a document prepared by Transco and agreed with the Authority dated []² setting out the methodology for the calculation of Incentive Payments;

(b) the "GRE Invoice Query" shall mean an Invoice Query raised by a User for the overpayment of Reconciliation Clearing Charges as determined in accordance with the GRE Invoice Query Incentive Scheme Methodology;

(c) a "Valid GRE Invoice Query" is a GRE Invoice Query which results in a financial adjustment for the overpayment of Reconciliation Clearing Charges;

(d) a "month" for the purposes of this paragraph is the period from the 6th day in one month until and including the 5th day in the following month;

(e) the "Query Receipt Month" shall mean the month in which the GRE Invoice Query is received by Transco;

(f) the "Service Standard Adjustment Month" shall mean the target month for the processing of financial adjustments in respect of a Valid GRE Invoice Query and this will be the third month following the Query Receipt Month;

(g) the "Relevant Month" shall mean the month in which the financial adjustment for the overpayment of the Reconciliation Charge is paid by Transco to the User in accordance with the service standard as defined within the GRE Invoice Query Incentive Scheme Methodology;

(h) the "Incentive Payment" shall mean the amount payable by Transco to the User and such amounts will be determined in accordance with the GRE Invoice Query

Incentive Table contained within the GRE Invoice Query Incentive Scheme Methodology;

4.7.2 For the purposes of Section V13, the rules in this paragraph are Compensation Rules within Compensation Group F; and in relation thereto the payment month is the second month following the Relevant Month.

4.7.3 Any amount payable by Transco pursuant to this GRE Invoice Query Incentive Scheme Methodology will be invoiced and payable in accordance with Section S."

¹ based on provisions previously in Transition Document

² date to be advised

Insert as new paragraph 4.8

4.8 Operational Queries

4.8.1 For the purposes of this Section S:

- (a) the "**the Guidelines**" is a document entitled "Standards of Service Query Management Operational Guidelines" as prepared and revised from time to time by Transco (in Consultation with Users);
- (b) "**Queries**" shall have the meaning of 'Invoice and Operational queries for both Gas Transportation (GT) and Meter Asset Queries' as defined in the Guidelines but not including Excluded Queries and "**Query**" shall be defined accordingly;
- (c) the "**Query Receipt Day**" shall mean the day in which a Query is received by Transco in accordance with the Guidelines;
- (d) a "**Query Count Day**" shall have the same meaning as "Transco Day" in the Guidelines being a Business day where the resolution of the query is within the direct control of Transco;
- (e) an "**Excluded Query**" shall (subject to paragraph 4.8.8) be a Query of a type that is to be excluded from the calculation of liability payments under this Section as further set out in the Guidelines in relation to 'Query Categories Excluded';
- (f) "**Final Achieved Performance**" is the performance figure for the resolution of Queries calculated in accordance with the Guidelines;
- (g) "**Query Standard**" shall mean:-
 - (i) from the Query Implementation Date (subject to paragraph (ii) below), the appropriate percentage set out in the "Query Implementation Date" column in Annex V-1;

(ii) from the first day of the calendar month that is no less than 6 months after the Query Implementation Date (subject to paragraph (iii) below), the appropriate percentage set out in the '6 month' column in Annex V-1;

(iii) from the first day of the calendar month that is no less than 12 months after the Query Implementation Date (subject to paragraph (iv) below), the appropriate percentage set out in the '12 month' column in Annex V-1;

(iv) from the first day of the calendar month that is no less than 18 months after the Query Implementation Date, the appropriate percentage set out in the '18 month' column in Annex V-1;

4.8.2 In respect of Queries relating to Smaller Supply Points and Larger Supply Points respectively, Transco is required to resolve within a calendar month not less than the appropriate Query Standard set out for 'metering' Queries and 'GT' Queries respectively (and as such terms are further described in the guidelines).

4.8.3 Where Final Achieved Performance for Smaller Supply Points is less than the relevant Query Standard for a User within a calendar month Transco will pay to the User an amount calculated as the aggregate of:

$$\begin{aligned} \text{(i)} \quad & \underline{(((SGT_4/100)*A) - B_4 - C) * £1) +} \\ & \underline{(((SGT_{10}/100)*A) - B_{10} - C) * £3) +} \\ & \underline{(((SGT_{20}/100)*A) - B_{20} - C) * £6) +} \end{aligned}$$

where:-

SGT₄ is the relevant Query Standard for "4 day standard" for Smaller Supply Points: GT set out in Annex V-1

SGT₁₀ is the relevant Query Standard for "10 day standard" for Smaller Supply Points: GT set out in Annex V-1

SGT₂₀ is the relevant Query Standard for "20 day standard" for Smaller Supply Points: GT set out in Annex V-1

A is the number of Queries resolved in the calendar month relating to gas transportation at Smaller Supply Points

B₄ is the number of Queries resolved within 4 Query Count Days for Smaller Supply Points in the calendar month relating to gas transportation

B₁₀ is the number of Queries resolved within 10 Query Count Days for Smaller Supply Points in the calendar month relating to gas transportation

B₂₀ is the number of Queries resolved within 20 Query Count Days for Smaller Supply Points in the calendar month relating to gas transportation

C is the number of Excluded Queries resolved for the User within the calendar month;

$$(ii) \quad \begin{aligned} & \frac{(((SM_4/100)*A) - B_4 - C) * £1) +}{\frac{(((SM_{10}/100)*A) - B_{10} - C) * £3) +}{\frac{(((SM_{20}/100)*A) - B_{20} - C) * £6) +} \end{aligned}$$

where:-

SM₄ is the relevant Query Standard for "4 day standard" for Smaller Supply Points: metering set out in Annex V-1

SM₁₀ is the relevant Query Standard for "10 day standard" for Smaller Supply Points: metering set out in Annex V-1

SM₂₀ is the relevant Query Standard for "20 day standard" for Smaller Supply Points: metering set out in Annex V-1

A is the number of Queries resolved in the calendar month relating to metering at Smaller Supply Points

B₄ is the number of Queries resolved within 4 Query Count Days for Smaller Supply Points in the calendar month relating to metering

B₁₀ is the number of Queries resolved within 10 Query Count Days for Smaller Supply Points in the calendar month relating to metering

B₂₀ is the number of Queries resolved within 20 Query Count Days for Smaller Supply

Points in the calendar month relating to metering

C is the number of Excluded Queries resolved for the User within the calendar month.

4.8.4 If for a Smaller Supply Point Transco does not resolve the Query within 40 Query Count Days Transco will be liable to pay to the User £20 and Transco will further pay an additional £20 for each further period of not less than 20 Query Count Days in which the Query remains unresolved. Such payment to become due upon resolution of such Query.

4.8.5 Where Final Achieved Performance for Larger Supply Points is less than the relevant Query Standard for a User within a calendar month Transco will pay to the User an amount calculated as the aggregate of:

$$(i) \quad \frac{(((LGT_{10}/100)*A) - B_{10} - C) * £5}{1} + \frac{(((LGT_{20}/100)*A) - B_{20} - C) * £30}{1}$$

where:-

LGT₁₀ is the relevant Query Standard for "10 day standard" for Larger Supply Points: GT set out in Annex V-1

LGT₂₀ is the relevant Query Standard for "20 day standard" for Larger Supply Points: GT set out in Annex V-1

A is the number of Queries resolved in the calendar month relating to gas transportation at Larger Supply Points

B₁₀ is the number of Queries resolved within 10 Query Count Days for Larger Supply Points in the calendar month relating to gas transportation

B₂₀ is the number of Queries resolved within 20 Query Count Days for Larger Supply Points in the calendar month relating to gas transportation

C is the number of Excluded Queries resolved for the User within the calendar month.

$$(ii) \quad \frac{(((LM_{10}/100)*A) - B_{10} - C) * £5}{1} +$$

$$\frac{(((LM_{20}/100)*A) - B_{20} - C) * £30)}{}$$

where:-

LM₁₀ is the relevant Query Standard for "10 day standard" for Larger Supply Points: metering set out in Annex V-1

LM₂₀ is the relevant Query Standard for "20 day standard" for Larger Supply Points: metering set out in Annex V-1

A is the number of Queries resolved in the calendar month relating to metering at Larger Supply Points

B₁₀ is the number of Queries resolved within 10 Query Count Days for Larger Supply Points in the calendar month relating to metering

B₂₀ is the number of Queries resolved within 20 Query Count Days for Larger Supply Points in the calendar month relating to metering

C is the number of Excluded Queries resolved for the User within the calendar month.

4.8.6 If for a Larger Supply Point Transco does not resolve the Query within 40 Query Count Days Transco will be liable to pay to the User £70 and Transco will further pay an additional £70 for each further period of not less than 20 Query Count Days in which the Query remains unresolved. Such payment to become due upon resolution of such Query.

4.8.7 Where the volume of Queries submitted by a User on a day exceeds the volume daily limits set out in the Guidelines, the rules for dealing with such daily excess submissions set out in the Guidelines will be applied.

4.8.8 Queries relating to Meter assets, shall be Excluded Queries from Metering Separation Date.

4.8.9 For the purposes of Section V13 (Compensation), the rules in this paragraph are Compensation Rules within Compensation Group L; and in relation thereto the '**payment month**' is the second month following the month in which the Query was resolved."

Insert as new Annex V-1

"ANNEX V-1

<u>QUERY STANDARD</u>	<u>Query Implementation Date</u>	<u>6 month</u>	<u>12 month</u>	<u>18 month</u>
<u>Smaller Supply Points: GT</u>				
<u>4 Day Standard: GT (SGT₄)</u>	<u>50%</u>	<u>65%</u>	<u>75%</u>	<u>80%</u>
<u>10 Day Standard: (SGT₁₀)</u>	<u>85%</u>	<u>90%</u>	<u>95%</u>	<u>95%</u>
<u>20 Day Standard: (SGT₂₀)</u>	<u>98%</u>	<u>98%</u>	<u>98%</u>	<u>98%</u>
<u>Smaller Supply Points: Metering</u>				
<u>4 Day Standard: GT (SM₄)</u>	<u>50%</u>	<u>65%</u>	<u>75%</u>	<u>80%</u>
<u>10 Day Standard: (SM₁₀)</u>	<u>85%</u>	<u>90%</u>	<u>95%</u>	<u>95%</u>
<u>20 Day Standard: (SM₂₀)</u>	<u>98%</u>	<u>98%</u>	<u>98%</u>	<u>98%</u>
<u>Larger Supply Points: GT</u>				
<u>4 Day Standard: (LGT₄)</u>	<u>50%</u>	<u>65%</u>	<u>75%</u>	<u>80%</u>
<u>10 Day Standard: (LGT₁₀)</u>	<u>85%</u>	<u>90%</u>	<u>95%</u>	<u>95%</u>
<u>20 Day Standard: (LGT₂₀)</u>	<u>98%</u>	<u>98%</u>	<u>98%</u>	<u>98%</u>
<u>Larger Supply Points: Metering</u>				
<u>4 Day Standard: (LM₄)</u>	<u>50%</u>	<u>65%</u>	<u>75%</u>	<u>80%</u>
<u>10 Day Standard: (LM₁₀)</u>	<u>85%</u>	<u>90%</u>	<u>95%</u>	<u>95%</u>
<u>20 Day Standard: (LM₂₀)</u>	<u>98%</u>	<u>98%</u>	<u>98%</u>	<u>98%</u>

"

Section U

Insert as new paragraph 7.6

"7.6 Failure Liability

7.6.1 For the purposes of this Section:

- (a) a "**UK Link Failure**" is a system failure as defined within priority level IM6 of the UK Link Manual;
- (b) an "**Affected UK Link User**" is a UK Link User who was using UK Link at the time of a system failure and reported that they were unable to access the failed system in accordance with the Problem Management process within the UK Link Manual;
- (c) "**Problem Management Process**" shall mean the problem management process set out within the UK Link Manual;
- (d) "**recover**" shall mean the successful return of service for the affected element within UK Link and "**recovery**" shall be construed accordingly;
- (e) "**recovery period**" be the period commencement on the earlier of:
 - (i) where Transco becomes aware of a UK Link Failure by way of a User communication, the time that the problem is defined as priority level IM6; else
 - (ii) the time that Transco becomes aware of the UK Link Failure until the completion of recovery.
- (f) a "**Repeated Failure of UK Link**" is a reoccurrence within 24 hours of a UK Link Failure, recorded by Transco in accordance with the Problem Management Process;
- (g) an "**Inappropriate User Action**" is a failure by a UK Link User as set out in paragraph 7.4.1(b)(ii) that results in or contributes to a UK Link Failure.

7.6.2 In the event of a UK Link Failure, Transco will endeavour to recover UK Link within a 5 hour recovery period.

7.6.3 Subject to paragraphs 7.6.4 and 7.6.7, if the recovery period for a UK Link Failure exceeds 5 hours then Transco will pay each Affected UK Link User £50.

7.6.4 In the event of a Repeated Failure or series of Repeated Failures of UK Link, paragraphs 7.6.2 and 7.6.3 shall apply save that in the event that a User is an Affected UK Link User for both the original UK Link Failure and subsequent Repeated Failure(s) of UK Link, paragraph 7.6.3 shall apply in respect of the subsequent Repeated UK Link Failure as though the amount set out were 200% of the payment due in respect of the immediately preceding UK Link Failure or

Repeated Failure (as the case may be).

- 7.6.5 In the event of a UK Link Failure where the recovery period is greater than 24 hours, Transco will (subject to paragraph 7.6.7) pay to each Affected UK Link User an amount of £1,000.
- 7.6.6 For Batch Transfer Communications, where Transco fails to make the UK Link Network available (as defined in the UK Link Manual) for a period greater than 24 hours over and above the timescales permitted for processing Batch Transfer Communications as specified in the Network Code, Transco will (subject to paragraph 7.6.7) pay to each Affected UK Link User an amount of £1,000.
- 7.6.7 Transco shall not be liable to pay:-
- (i) the amounts set out in paragraphs 7.6.3 and 7.6.4 where a UK Link Failure has been caused by the performance levels (as set out in the UK Link Manual) being exceeded;
 - (ii) the amounts set out in paragraphs 7.6.3, 7.6.4, 7.6.5 and/or 7.6.6 in the event that the UK Link Failure was in whole or part the result of an Inappropriate User Action;
 - (iii) the amounts set out in this paragraph 7.6 to the extent that the UK Link Committee (if Transco so requests) agrees by majority decision to suspend any obligation to make payment (or reduce the amount of such payment) under this paragraph 7.6 for the period of such suspension (or reduction).
- 7.6.8 The performance standards set out in this paragraph 7.6 shall be in addition to and not replacement of the performance standards set out in paragraphs 7.2 and 7.
- 7.6.9 For the purposes of Section V13 (Compensation Rules), the rules in paragraphs 7.6.3, 7.6.4, 7.6.5 and 7.6.6 are Compensation Rules within Compensation Group K; and the relevant 'payment month' will be the second month following the month in which the relevant failure occurred.

Amend paragraph 8.6.1 as follows:-

- 8.6.1 Subject to paragraph 8.6.2, where Transco proposes to make a Class 2 Modification or a Class 3 Modification (other than a Manual Modification except where the UK Link Manual anticipates the making of such Manual Modification) when notifying UK Link Users of its proposals in the event that Transco:
- (a) fails to inform UK Link Users that they have not less than 15 Business Days to submit any comments to Transco in respect of the proposal, Transco will pay to each UK Link User ~~£100~~£500;
 - (b) fails to provide the UK Link Users with an indicative timetable for implementing the modification and the implementation date for the modification set out in such timetable is for a date less than 3 months from the giving of such notice, Transco

will pay to each UK Link User ~~£350~~£500.

Amend paragraph 8.6.3 as follows:-

8.6.3 Where Transco fails to notify UK Link Users by the Business Day following the Day in respect of which a Class 2 Modification or a Class 3 Modification was to be implemented but was not so implemented, Transco will pay each UK Link User ~~£300~~£1,000.

Amend paragraph 8.6.4 as follows:-

8.6.4 For the purposes of Section V13, the rule in paragraphs 8.6.1 and 8.6.3 are Compensation Rules within Compensation Group ~~DI~~; and in relation thereto the ‘payment month’ is the second month following the month in which the relevant failure occurred."

Section V

Amend paragraph 13.1(d) as follows:-

"(d) “**Compensation Group**” means a group of Compensation Rules, such groups being designated as Groups A to L inclusive, ~~B, C and D~~, and the Compensation Group to which each Compensation Rule belongs being specified in the relevant Compensation Provisions;

Amend paragraph 13.1(e) as follows:-

(e) the “**Group Limit**” in respect of each Compensation Group is as follows:

for each of Groups A, B, C, D, F and K: ~~£7,000,000~~£5,000,000

~~Group B: £20,000,000~~

~~Group C: £25,000,000~~

~~Group D: £8,000,000;~~

for Group E: £2,500,000 in respect of Larger Supply Points and £2,500,000 in respect of Smaller Supply Points

for Group G: £4,000,000 in respect of Larger Supply Points and £1,000,000 in respect of Smaller Supply Points

for Group H: £1,000,000 in respect of Larger Supply Points and £1,000,000 in respect of Smaller Supply Points

for Group I: £3,000,000

for Group J: £2,500,000 in respect of Larger Supply Points and £2,500,000 in respect of

Smaller Supply Points

for Group L: £5,000,000 in respect of Larger Supply Points and £5,000,000 in respect of Smaller Supply Points

Delete paragraph 13.2 and replace with "[Not Used]"

Section W

Amend section W1 to include:-

"**Metering Separation Date**": shall mean the date notified to Users by Transco after consultation with the Network Code Committee, or any relevant Sub-committee, when certain metering provisions are to be removed from the Network Code as a result of the Director's review of gas metering arrangements.

"**Query Implementation Date**" shall mean the date notified to Users by Transco after consultation with the Network Code Committee, or any relevant Sub-committee, upon notice of not less than 3 months to Users after which certain standards are to apply in respect of queries submitted by Users from such date."

Transition Document Part II

Delete paragraph 8.15.8 S.4

Section V: General

Insert as new paragraphs in paragraph 8.16:-

"8.16.3 V13.1(e) During the period from the [implementation date of Mod 565] until the commencement of the immediately following Compensation Year each Group Limit shall be reduced pro rata to the number of calendar months in the Compensation Year in such period.

8.16.4 V13.3.1 During the period from the [implementation date of Mod 565] until the commencement of the immediately following Compensation Year Section V13.3.1 shall apply on the basis that:

- (1) references in such Section to the **Compensation Year** shall be taken to be the period from the [implementation date of Mod 565] until immediately prior to the commencement of the following Compensation Year;
- (2) the factors **CML** and **SF** shall be calculated on the basis that the denominator "12" set out in their respective definitions is replaced by a number equal to the number of calendar months in the period from the [implementation date of Mod 565] until the commencement of the immediately following Compensation Year."

Signed for and on behalf of Transco.

Signature:

Steve R Phillips
Director

Support Services

Date:

Gas and Electricity Markets Authority Response:

In accordance with Condition 9 of the Standard Conditions of the Gas Transporters' Licences dated 21st February 1996 I hereby direct Transco that the above proposal (as contained in Modification Report Reference **0565**, version **2.0** dated **27/03/2003**) be made as a modification to the Network Code.

Signed for and on Behalf of the Gas and Electricity Markets Authority.

Signature:

The Network Code is hereby modified with effect from, in accordance with the proposal as set out in this Modification Report, version **2.0**.

Signature:

Process Manager - Network Code
Transco

Date:

Annex

1. Any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which The Restrictive Trade Practices Act 1976 ("the RTPA"), had it not been repealed, would apply to this Agreement or such arrangement shall not come into effect:
 - (i) if a copy of the Agreement is not provided to the Gas and Electricity Markets Authority ("the Authority") within 28 days of the date on which the Agreement is made; or
 - (ii) if, within 28 days of the provision of the copy, the Authority gives notice in writing, to the party providing it, that he does not approve the Agreement because it does not satisfy the criterion specified in paragraphs 1(6) or 2(3) of the Schedule to The Restrictive Trade Practices (Gas Conveyance and Storage) Order 1996 ("the Order") as appropriate

provided that if the Authority does not so approve the Agreement then Clause 3 shall apply.
2. If the Authority does so approve this Agreement in accordance with the terms of the Order (whether such approval is actual or deemed by effluxion of time) any provision contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which the RTPA, had it not been repealed, would apply this Agreement or such arrangement shall come into full force and effect on the date of such approval.
3. If the Authority does not approve this Agreement in accordance with the terms of the Order the parties agree to use their best endeavours to discuss with Ofgem any provision (or provisions) contained in this Agreement by virtue of which the RTPA, had it not been repealed, would apply to this Agreement or any arrangement of which this Agreement forms part with a view to modifying such provision (or provisions) as may be necessary to ensure that the Authority would not exercise his right to give notice pursuant to paragraph 1(5)(d)(ii) or 2(2)(b)(ii) of the Order in respect of the Agreement as amended. Such modification having been made, the parties shall provide a copy of the Agreement as modified to the Authority pursuant to Clause 1(i) above for approval in accordance with the terms of the Order.
4. For the purposes of this Clause, "Agreement" includes a variation of or an amendment to an agreement to which any provision of paragraphs 1(1) to (4) in the Schedule to the Order applies.